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Add this at the end of the H.R. 627
Add new section

SECTION 11. FINANCIAL LITERACY COUNSELING.

Section 485 of the Higher Education Act of 1965 (20 U.S.C. 1092) is amended by adding at the end the following new subsection:

“(n) Financial Literacy Counseling-

“(1) IN GENERAL- Each eligible institution shall, through financial aid offices, through an employee or group of employees designated under subsection (c), or through a contract or partnership with a nonprofit organization, provide financial literacy counseling to borrowers in accordance with the requirements of this subsection.

“(2) ENTRANCE AND EXIT COUNSELING REQUIRED-

“(A) IN GENERAL- Financial literacy counseling required under this subsection shall--

“(i) be provided to--

“(I) each first-time borrower of a loan made, insured, or guaranteed under part B (other than a loan made pursuant to section 428C or a loan made on behalf of a student pursuant to section 428B) or made under part D (other than a Federal Direct Consolidation Loan or a Federal Direct PLUS loan made on behalf of a student), at or prior to the time of the first disbursement of such loan; and

“(II) each borrower of a loan made, insured, or guaranteed under part B (other than loans made pursuant to section 428C or loans under section 428B made on behalf of a student) or made under part D (other than Federal Direct Consolidation Loans or Federal Direct PLUS Loans made on behalf of a student) or made under part E of this title, prior to the completion of the course of study for which the borrower enrolled at the institution or at the time of departure from such institution; and

“(ii) include a total of not less than 4 hours of counseling for such borrowers for each of the occasions described in clause (i).

“(B) EARLY DEPARTURE- In the case of borrower who leaves an institution without the prior knowledge of the institution, the institution shall attempt to provide the information required under this subsection to the student in writing.

“(3) INFORMATION TO BE PROVIDED- Financial literacy counseling required under this subsection shall include information on the following:

“(A) Banking basics, including the types of financial institutions, why and how banks may be useful to individuals, and the

fundamentals of using basic checking and savings bank accounts (including how checking and savings accounts work, fees that may be charged, and how to open and maintain an account).

`(B) Budgeting, including matching goals and savings, identification of ways borrowers can save money and understand savings options that can be used to reach savings goals, the main components of a budget (such as income, fixed income, fixed expenses, flexible expenses and discretionary expenses), and how to designate incomes and expenses.

`(C) Credit cards, including how to use credit appropriately, how to determine what forms of credit best suit the needs of the borrower, the common pitfalls of credit card debt, the differences in types of credit cards (including pre-paid cards, debit cards, secured credit cards linked to checking accounts, and charge cards), responsible uses of credit cards, and how to build a strong credit history.

`(D) Loans, grants, education tax credits, and scholarships, including--

`(i) general information about and differences between installment loans, including car loans and student loans;

`(ii) the difference between grants, scholarships, and loans, including the differences between need-based and merit-based aid; and

`(iii) information about options for repayment, deferment, and the ability to discharge or cancel education loans.

`(E) Renting and housing, including information on renting an apartment, the basics of getting a mortgage, and assistance with determining a borrower's readiness to have a space of their own.

`(F) Credit scores and ratings, including information about credit (such as that credit is a sum of money lent by a bank or institution for repayment in the future and includes interest on the balance that is borrowed), what factors go into a credit score, and the importance of having a good credit record (particularly the influence of credit records on interest rates, loans, insurance rates, and job offers).

`(G) Investing, including information about the risks and benefits of investing money, setting goals and time horizons for when money may be needed, establishing risk tolerance, and the differences between stocks, bonds, and dividends.

`(4) USE OF INTERACTIVE PROGRAMS- The Secretary shall encourage institutions to carry out the requirements of this subsection through the use of interactive programs that test the borrower's understanding of the financial literacy information provided through counseling under this subsection, using simple and understandable language and clear formatting.'

END

Amendment to H.R. 627 offered by Mr. Schock of Illinois

Strengthens identify theft protections in the legislation by ensuring consumers are aware of credit activity made in their name by removing the requirement that open lines of credit are not reported to the credit bureaus until the issued credit card is activated. Allows consumers who have not activated an issued credit card within 45 days, to contact the issuing institution to cancel the card and have it removed from their credit report entirely. If after 45 days the card has not been activated it is automatically removed from any such report.